



COMMONWEALTH of VIRGINIA

Office of the Governor

Terence R. McAuliffe
Governor

January 26, 2016

The Honorable Thomas K. Norment
Co-Chairman
Senate Finance Committee
Senate of Virginia

The Honorable Emmett W. Hanger, Jr.
Co-Chairman
Senate Finance Committee
Senate of Virginia

The Honorable R. Lee Ware, Jr.
Chairman
House Finance Committee
House of Delegates

The Honorable S. Chris Jones
Chairman
House Appropriations Committee
House of Delegates

Dear Messrs. Chairmen:

I am writing to update you on the recent activities with respect to the Governor's Agriculture and Forestry Industries Development Fund (AFID) during the preceding six-month period as required by § 3.2-309 of the Code of Virginia.

The General Assembly created the AFID incentive program during the 2012 legislative session, funding it at \$1 million per year beginning in FY 2013, with \$750,000 of each year's amount dedicated to AFID Facility Grants and \$250,000 to AFID Planning Grants. In FY 2015, amendments to the AFID program were approved by the General Assembly through Item 89 of the 2015 Appropriation Act (Chapter 665, 2015 Acts of Assembly). The amendments removed the budget language which specified a portion of the funding to be used for Planning Grants, so that both AFID Facility and Planning Grant programs draw upon the fund without restriction. In addition, the amendments authorized the transfer

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of up to \$250,000 each year of the biennium to the AFID Fund from other general fund appropriations for economic development incentives (Item 101 of the 2015 Appropriation Act). For FY 2016, \$1 million was appropriated to the AFID fund.

AFID Facility Grant Program

As of December 31, 2015, twenty-eight (28) AFID Facility Grants have been awarded since the inception of the program supporting a variety of agriculture and forestry based economic development projects. Of these, twenty-four (24) have executed Performance Agreements between the localities and the companies and funds have been disbursed; progress is being made in completing the Performance Agreements for the other awardees. Total AFID Facility Grant awards for these 28 projects amount to \$2,556,200. Of this amount, \$1,961,700 has been expended, with the balance of \$594,500 expected to be expended in the next six months. These 28 projects represent 1,502 new jobs across 22 localities, \$323,510,761 in new capital investments and \$459,543,650 in new Virginia-grown purchases. These agribusiness companies have, on average, committed to purchase from Virginia approximately 76% of all the additional agricultural and forest products they will use to meet their new value-added processing needs.

The Secretary of Agriculture and Forestry and Virginia Department of Agriculture and Consumer Services (VDACS) continue to receive a great and growing number of inquiries and expressions of interest into the program. In addition to the 28 announced projects, there are several others in various stages of development and consideration by the Secretariat with the opportunity for multiple announcements to be made during the next six months.

For the first half of fiscal year 2016, a total of \$606,500 was committed in AFID Facility Grant funds to assist five (5) new and expanding projects in the state, representing \$94,522,471 in new capital investment, 101 new jobs, and \$28,059,100 in new Virginia-grown purchases. These companies have, on average, committed to purchase from Virginia approximately 81% of all the additional agricultural and forest products they will use to meet their new value-added processing needs. Summaries of these projects are listed below:

Announced AFID Facility Grant Projects for the period July – December 2015:

Ironclad Distillery (announced July 2015) New small-batch bourbon distillery	
Location	City of Newport News
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$12,000 AFID Funds – building renovation
Other funds from the political subdivision and their use	\$12,000 local cash grant – any lawful purposes
New jobs	Eight (8)
New investment	\$100,000
Minimum purchase Virginia-grown products	\$126,000 or 675,000 pound of Virginia-grown corn, wheat and

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	rye
Projected impact on agricultural and forestal producers	Project creates new market for specialty grain producers and highlights role of Virginia agriculture products in craft spirits.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$48,667/year
Average wage of project	\$31,595/year
Status	Performance Agreement completed; funds released to the City. Performance period ends Q2 FY 2018

Hardywood Park Craft Brewery (announced July 2015) New production facility for existing Virginia craft brewery	
Location	Goochland County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$250,000 AFID Funds – building and site improvements • \$500,000 Commonwealth’s Opportunity Fund Grant (COF) – building and site improvements • \$400,000 Virginia Investment Partnership – any lawful purpose • \$56,000 Virginia Jobs Investment Program – job training
Other funds from the political subdivision and their use	\$500,000 awarded to rebate 50% of the Company’s Machinery and Tools and Tangible Personal Property taxes through the County, and other payments – any lawful purposes
New jobs	Fifty-six (56)
New investment	\$24.3 million
Minimum purchase Virginia-grown products	\$1.4 million in Virginia agricultural products
Projected impact on agricultural and forestal producers	New facility will significantly increase use of Virginia-grown specialty crops in Virginia craft beers, building role Virginia agriculture will play in fast-growing craft brewing industry.
Timetable for project completion	2016 - 2020
Prevailing average wage in locality	\$79,793/year
Average wage of project	\$51,000/year
Status	Performance Agreement sent to County for signature.

Virginia Poultry Growers Cooperative (announced July 2015) Expansion of turkey production and processing cooperative	
Location	Rockingham County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$250,000 AFID Funds – building improvements • \$500,000 Virginia Investment Partnership Grant – any lawful purposes • \$50,000 Virginia Job Investment Program(VJIP) – employee training
Other funds from the political subdivision and their use	\$250,000 local cash grant – any lawful purposes
New jobs	Six (6)
New investment	\$61.9 million
Minimum purchase Virginia-grown products	\$9.1 million or 15.5 million pounds of net new Virginia-grown

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	turkey
Projected impact on agricultural and forestal producers	Expansion ensures prominent role of turkey production in Virginia and support dozens of new poultry houses.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$39,757/year
Average wage of project	\$27,290/year
Status	Performance Agreement sent to County for review.

WDC Greenhouse, LLC d.b.a. BrightFarms, Inc. (announced October 2015) New leaf lettuce and tomato production greenhouse	
Location	Culpeper County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$75,000 AFID Funds – construction
Other funds from the political subdivision and their use	\$75,000 local cash grant – any lawful purposes
New jobs	Twenty-four (24)
New investment	\$7.3 million
Minimum purchase Virginia-grown products	\$10.7 million or 750,000 cases of baby lettuce and basil, and 30,000 cases of tomatoes
Projected impact on agricultural and forestal producers	While immediate impact to local producers is small, project could begin a shift towards local produce buying by major national retailers that could benefit Virginia’s agricultural producers in the future.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$38,073/year
Average wage of project	\$35,948/year
Status	Performance Agreement sent to County for review.

Pilot Malt House Virginia, LLC (announced December 2015) New artisan craft maltster	
Location	Loudoun County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$19,500 AFID Funds – building improvements
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> • \$1,000 Waiver of Permit Fees • \$18,500 local cash grant – any lawful purposes
New jobs	Seven (7)
New investment	\$885,000
Minimum purchase Virginia-grown products	\$315,000 or 2.1 million pounds of Virginia barley, wheat and rye
Projected impact on agricultural and forestal producers	Provides important new market for high-value, malt-quality Virginia barley and further integrates Virginia agriculture into fast growing craft brewing and distilling industries.
Timetable for project completion	2016 - 2018
Prevailing average wage in locality	\$59,899/year

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Average wage of project	\$76,000/year
Status	Performance Agreement under development.

The status of the 23 previously announced AFID projects is detailed below:

Ongoing AFID Facility Grant Projects

Homestead Creamery, Inc. (announced December 2012) New manufacturer of dairy-related products	
Location	Franklin County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$60,000 AFID Funds – building expansion and renovations • \$12,240 VJIP – job training • \$45,000 Tobacco Region Opportunity Fund (TROF) –building expansion and renovations
Other funds from the political subdivision and their use	\$30,000 local cash grant – any lawful purposes
New jobs	Twenty (20)
New investment	\$1.1 million
Minimum purchase Virginia-grown products	\$1.5 million of Virginia milk, cream, eggs, and produce
Projected impact on agricultural and forestal producers	Impact on Virginia agriculture is especially strong; over 45 Virginia producers will benefit directly. Homestead Creamery promotes other Virginia products through its store, home deliveries & other activities.
Timetable for project completion	2013 - 2016
Prevailing average wage in locality	\$29,665/year
Average wage of project	\$29,016/year
Status	Performance Agreement completed; funds released to County. Attainment to Date: Capital investment - \$1,080,562 New jobs - 14 VA-grown products - \$1,813,394 Performance period ends Q3 FY 2016

Greencore USA (announced March 2013) Expansion of sandwich and packaged food production operation	
Location	Stafford County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$75,000 AFID Funds – training, site improvements or other activities • \$154,000 VJIP – job training
Other funds from the political subdivision and their use	• \$75,000 local cash grant – any lawful purposes
New jobs	Three hundred fifty (350)
New investment	\$5.5 million
Minimum purchase Virginia-grown products	\$171,600 or 40,200 pounds of Virginia produce
Projected impact on agricultural and forestal producers	Through two-years, the company has purchased 71,569 pounds of Virginia grown produce, almost double their total

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	commitment of purchases over the three year period.
Timetable for project completion	2013 - 2016
Prevailing average wage in locality	\$46,646/year
Average wage of project	\$29,000/year
Status	Performance Agreement completed; funds released to the County. Attainment to Date: Capital investment - \$4,749,000 New jobs - 271 VA-grown products -71,569 pounds of produce Performance period ends Q1 FY 2017

Red Sun Farms (Agricola El Rosal) - (announced January 2013) First U.S. location for major Mexican high-technology, climate controlled greenhouses operation	
Location	Pulaski County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$100,000 AFID Funds – site improvements • \$350,000 COF– secure business location or expansion • \$113,600 VJIP – job training • \$200,000 Enterprise Zone Real Property Investment Grant – property improvements • \$38,400 Enterprise Zone Job Creation Grants – job creation
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> • \$2,000,000 for site preparation • 100 acres of land (valued at \$20,000 per acre) for a total value of \$2,000,000
New jobs	One hundred-forty-two (142)
New investment	\$21 million
Minimum purchase Virginia-grown products	\$17.9 million or 13.5 million pounds of tomatoes grown at facility
Projected impact on agricultural and forestal producers	The presence of such a large producer of tomatoes and peppers will attract packaging, shipping and related companies that will benefit the ag industry in the region and state.
Timetable for project completion	2013 - 2018
Prevailing average wage in locality	\$34,758/year
Average wage of project	\$26,583/year
Status	Performance Agreement completed, funds released to County. Attainment to Date: Capital investment - \$23,295,862.48 New jobs - 100 VA-grown products - \$11,619,778.50 Performance period ends Q4 FY 2017

Shamrock Farms (announced January 2013) New, state-of-the-art dairy manufacturing facility producing extended shelf life (ESL) products	
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Location	Augusta County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$50,000 AFID Funds – site improvements • \$250,000 COF – secure business location or expansion • \$650,000 (up to) Economic Development Access Funds – construction, improvements, and/or maintenance for road access • \$50,000 VJIP – job training • \$10,000 (up to) Major Business Facility Jobs Tax Credit
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> • \$800,000 local cash grant • 40 acres of land (valued at \$32,000 per acre) for a total value of \$1,280,000 • \$45,000 matching VJIP dollars
New jobs	Sixty (60)
New investment	\$50 million
Minimum purchase Virginia-grown products	\$13.5 million or 7.54 million gallons of Virginia milk
Projected impact on agricultural and forestal producers	The facility will be a significant new purchaser of Virginia milk.
Timetable for project completion	2013 - 2014
Prevailing average wage in locality	\$38,360/year
Average wage of project	\$39,553/year
Status	Performance Agreement completed; funds released to County. Attainment to Date: Capital investment - \$59,817,572
	New jobs -53 VA-grown products - \$2,791,549 Performance period ends Q4 FY 2017

Franklin Lumber, LLC (announced June 2013) New pine sawmill facility in the former Franklin IP plant	
Location	Isle of Wight County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$150,000 AFID Funds – construction and installation costs • \$71,000 VJIP – job training • \$260,000 Enterprise Zone Job Creation Grants – job creation
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> • \$74,900 – Local enterprise zone 25% machinery & tools discount • \$10,000 – Local enterprise zone jobs grant • \$91,000 – Local Economic Development Incentive Grant
New jobs	Seventy-two (72)
New investment	\$14.8 million
Minimum purchase Virginia-grown products	\$2.3 million or 580,000 tons of logs
Projected impact on agricultural and forestal producers	Project will have significant positive impact on loggers and forest landowners in an area hard hit by the closure of the IP facility.
Timetable for project completion	2013 - 2018
Prevailing average wage in locality	\$38,523/year

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Average wage of project	\$42,500/year
Status	Performance Agreement completed; funds released to County. Attainment to Date: Capital investment - \$3,022,449.58 New jobs - 61 VA-grown products - 116,782 tons of logs Performance period ends Q2 FY 2019

Virginia Produce Company (announced September 2013) Expansion/relocation of produce grading, packing and distribution company	
Location	Carroll County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$200,000 AFID Funds – building improvements • \$20,000 VJIP – job training • \$20,000 Enterprise Zone Job Creation Grants – job creation • \$100,000 Enterprise Zone Real Property Improvement Grant – property improvements • \$200,000 TROF – new jobs and investment
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> • \$1,056,500 – Reduced price sale of county owned building • \$28,613 – Local enterprise zone benefits • \$23,718 – Grant based Machinery & Tools Taxes paid • \$13,090 – Grant based on Real Estate Taxes paid • \$40,000 – Local cash grant – any lawful purposes
New jobs	Twenty-five (25) new jobs and fifty (50) FTEs
New investment	\$2.5 million
Minimum purchase Virginia-grown products	\$12 million of Virginia grown produce
Projected impact on agricultural and forestal producers	Significant positive impacts on current and prospective produce growers in the region – both through increased sales of current crops and opportunities for new crops.
Timetable for project completion	2013 - 2014
Prevailing average wage in locality	\$27,109/year
Average wage of project	\$19,261/year
Status	Performance Agreement completed, funds released to County. Attainment to Date: Capital investment - \$1,603,794.45 New jobs - 52 VA-grown products - \$2,867,719.61 Performance period ends Q2 FY 2017

Shenandoah Processing, LLC (announced December 2013) New organic-certified custom poultry processor	
Location	City of Harrisonburg
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$50,000 AFID Funds – building improvements • \$79,050 VJIP – job training
Other funds from the political subdivision and their use	\$50,000 local cash grant – any lawful purposes
New jobs	One hundred and two (102)
New investment	\$2.5 million

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Minimum purchase Virginia-grown products	\$160 million or 25 million chickens
Projected impact on agricultural and forestal producers	This project creates a significant positive impact on Valley poultry growers who will have a new market niche to exploit, a use for old (but viable) poultry houses, and a new processing option for their flocks.
Timetable for project completion	2014 - 2016
Prevailing average wage in locality	\$31,250/year
Average wage of project	\$35,498/year
Status	Performance Agreement completed; funds released to City. Attainment to Date: Capital investment - \$3,330,822 New jobs - 180 VA-grown products - \$10,228,330 Performance period ends Q3 2017

Montague Farms, Inc. (announced March 2014) Expansion of soybean processing company	
Location	Isle of Wight County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$14,700 AFID Funds – construction
Other funds from the political subdivision and their use	\$14,700 – provided over three years through refunds of local taxes paid - any lawful purposes
New jobs	Three (3)
New investment	\$618,490
Minimum purchase Virginia-grown products	\$3.9 million or 7.5 Metric tons in Natto soybean purchases
Projected impact on agricultural and forestal producers	Provides area farmers access to new, high-value Korean sprouting soybean market.
Timetable for project completion	2014 - 2015
Prevailing average wage in locality	\$35,833/year
Average wage of project	\$39,067/year
Status	Performance Agreement completed; funds released to the County. Attainment to Date: Capital investment - \$615,490 New jobs - 5 VA-grown products - 9,700 MT of natto soybeans Performance period end Q3 FY 2017

Trout River Dry Kiln, LLC (announced March 2014) New hardwood dry kiln facility adjacent to Trout River Lumber's flooring operation	
Location	Nottoway County (Town of Crewe)
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$100,000 AFID Funds – site improvements • \$36,000 VJIP – work training

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Other funds from the political subdivision and their use	\$115,720 in donated land in the Crewe industrial park (5.26 acres valued at \$22,000 per acre)
New jobs	Forty (40)
New investment	\$5.5 million
Minimum purchase Virginia-grown products	\$30.6M of Virginia lumber purchases
Projected impact on agricultural and forestal producers	New kiln creates a major new demand for Virginia hardwood, providing new market opportunities for sawmills, loggers and landowners
Timetable for project completion	2014 - 2015
Prevailing average wage in locality	\$31,828 /year
Average wage of project	\$24,856/year
Status	Performance Agreement completed, funds released to the County. Attainment to Date: Capital investment - \$5,471,500 New jobs - 28 VA-grown products - \$2,089,899.78 Performance period ends Q4 2017

Vireol Bio Energy, LLC - (announced April 2014) Restart and upgrade of former Osage Bioenergy ethanol plant	
Location	City of Hopewell
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$250,000 AFID Funds – site improvements • \$60,000 VJIP – worker training • \$180,000 Enterprise Zone Job Creation Grant – job creation • \$100,000 Enterprise Zone Real Property Improvement Grant – property improvements • Up to \$3,295,000, as authorized in the FY15 – FY16 biennial budget – Biofuels Production Incentive Grant Program (BPIG)
Other funds from the political subdivision and their use	\$250,000 (at least) awarded as Machinery & Tools tax rebate through City's local Enterprise Zone incentive
New jobs	Seventy (70) - 45 direct, 25 qualifying contractor positions
New investment	\$26.2 million
Minimum purchase Virginia-grown products	\$105 million or 21.7 million bushels of Virginia grown grain
Projected impact on agricultural and forestal producers	Creates a massive new market for Virginia grown grain.
Timetable for project completion	2014 - 2016
Prevailing average wage in locality	\$49,229 /year
Average wage of project	\$50,075/year
Status	Performance Agreement completed, funds released to the City. Attainment to Date: Capital investment - \$101,795 New jobs - 76 VA-grown products - \$29,182,920 Performance period ends Q4 FY 2017 Vireol Bio Energy, LLC was purchased by Green Plains, LLC October 2015. Staff working towards transitioning AFID commitments to the new company.

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Bloomaker USA (announced June 2014) Expansion of flower producer	
Location	Augusta County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$50,000 AFID Funds – natural gas line extension • \$8,000 VJIP – worker training
Other funds from the political subdivision and their use	\$58,000 in local cash grant (\$50K for natural gas line, \$8,000 for employee training)
New jobs	Ninety-eight (98)
New investment	\$2 million
Minimum purchase Virginia-grown products	\$17.6 million in new plant sales
Projected impact on agricultural and forestal producers	In addition to supporting greenhouse/nursery industry, project provides important cold-weather employment for ag workers.
Timetable for project completion	2014 - 2015
Prevailing average wage in locality	\$39,183/year
Average wage of project	\$20,800/year
Status	Performance Agreement completed; funds released to the County. Year 1 report is in progress.

Retail Relay, Inc., d/b/a Relay Foods - (announced June 2014) Expansion of on-line grocer specializing in local foods	
Location	City of Charlottesville
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$50,000 AFID Funds – building improvements • \$20,000 VJIP – worker training
Other funds from the political subdivision and their use	\$50,000 local cash grant – any lawful purposes
New jobs	Twenty-five (25)
New investment	\$735,000
Minimum purchase Virginia-grown products	\$353,309 of new purchases of meat, milk & produce
Projected impact on agricultural and forestal producers	Relay’s retail platform and dedication to sourcing local provides a powerful, cost-effective retail and distribution network for numerous local ag and specialty foods producers.
Timetable for project completion	2014 - 2016
Prevailing average wage in locality	\$44,447 /year
Average wage of project	\$42,515/year
Status	Performance Agreement completed, funds released to the City. Attainment to Date: Capital investment - \$190,300 New jobs - 6 VA-grown products - \$317,150 Performance period ends Q1 FY 2018

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Independence Lumber (announced August 2014) Reconstruction of sawmill at existing lumber operation	
Location	Grayson County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$100,000 AFID Funds – reconstruction and building improvements • \$20,000 VJIP – job training • \$150,000 TROF – new jobs and investment
Other funds from the political subdivision and their use	\$175,000 Grayson County Performance Grant (cash reimbursement of taxes over a five year period)
New jobs	Twenty-five (25)
New investment	\$5.1 million
Minimum purchase Virginia-grown products	\$18 million or 60 million board feet (mbf) in timber purchases
Projected impact on agricultural and forestal producers	Major new sawmill to support area loggers, forest land owners.
Timetable for project completion	2014 - 2015
Prevailing average wage in locality	\$26,882/year
Average wage of project	\$31,200/year
Status	Performance Agreement completed; funds released to the County. Attainment to Date: Capital investment - \$5,070,052 New jobs - 65 VA-grown products - \$6,000,000 Performance period ends Q4 FY-2017

Black Hops Farm (announced December 2014) New hops production and processing facility	
Location	Loudoun County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$40,000 AFID Funds – construction
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> • \$39,700 local cash grant • \$300 Permit Fee Waiver
New jobs	Eleven (11) part time and seasonal employees
New investment	\$911,500
Minimum purchase Virginia-grown products	\$21,500 or 2,150 pounds of Virginia hops
Projected impact on agricultural and forestal producers	Project will revolutionize hops production in Virginia by making commercial scale production economically viable
Timetable for project completion	2015 – 2017
Prevailing average wage in locality	\$59,921/year
Average wage of project	\$13,009/year
Status	Performance Agreement completed; funds released to the County. Performance period ends Q3 FY 2018

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Copper Fox Distillery (announced December 2014) New production facility for craft distiller	
Location	City of Williamsburg
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$50,000 AFID Funds – building renovations • \$19,600 (estimated) VJIP – job training
Other funds from the political subdivision and their use	\$204,000 – reduced priced sales of City-owned site and repair work done to site
New jobs	Twenty-five (25) new jobs and three (3) FTEs
New investment	\$2 million
Minimum purchase Virginia-grown products	\$457,710 or 1,087 tons of Virginia grain
Projected impact on agricultural and forestal producers	Project creates new market for specialty grain producers and highlights role of Virginia agriculture products in craft spirits.
Timetable for project completion	2015-2018
Prevailing average wage in locality	\$34,843/year
Average wage of project	\$28,214/year
Status	Performance Agreement completed, funds released to the City. Performance period ends Q3 FY 2019

Seven Hills Food, LLC (announced December 2014) Major new independent meat processing facility	
Location	City of Lynchburg
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$250,000 AFID Funds – building renovations • \$34,400 VJIP – job training • \$30,300 Zone Job Creation Grant – project equity • \$100,000 Zone Real Property Improvement – project equity
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> • \$250,000 Lynchburg Economic Development Authority Strategic Initiatives Grant – building upgrades • \$25,000 Local Enterprise Zone Redevelopment Program – building upgrades
New jobs	Forty-three (43)
New investment	\$2.9 million
Minimum purchase Virginia-grown products	\$14.5 million or 12,000 cattle and hogs
Projected impact on agricultural and forestal producers	Creates major new market for independent Virginia producers of finished cattle and hogs.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$40,831/year
Average wage of project	\$31,256/year
Status	Performance Agreement completed; funds released to the City. Performance period ends Q3 FY 2019

Big Trouble Malting and Spirits (announced March 2015) New malting facility and craft distillery	
Location	City of Petersburg
Grant amount committed from AFID	• \$50,000 AFID Funds – building renovations

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Other funds committed by the Commonwealth How these funds will be used	• \$60,000 Enterprise Zone Real Property Improvement Grant – property improvements
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> • \$5,000 Façade Grant • \$2,500 Architectural Grant • \$8,000 Permit Waiver Fee • \$5,000 Tap Free reduction • \$5,000 Water Sewer Connection Fee reduction • \$12,500 Machinery and Tools tax reduction • \$14,000 Real Estate Tax abatement
New jobs	Seven (7)
New investment	\$810,000
Minimum purchase Virginia-grown products	\$1,356,300 or 40,000 bushels of Virginia grain and fruit
Projected impact on agricultural and forestal producers	Project creates new market for specialty grain producers and highlights role of Virginia agriculture products in craft beverages.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$38,898/year
Average wage of project	\$37,440/year
Status	Performance Agreement completed; funds released to City. Performance period ends Q4 FY 2018

Route 11 Potato Chips (announced March 2015) Expansion of specialty potato chip production facility	
Location	Shenandoah County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$50,000 AFID Funds – construction
Other funds from the political subdivision and their use	\$50,000 – partial rebate of local machinery and tools and real estate taxes over four years
New jobs	Thirteen (13)
New investment	\$1.2 million
Minimum purchase Virginia-grown products	\$586,000 or 1,585,000 pounds in new purchases of Virginia potatoes and sweet potatoes
Projected impact on agricultural and forestal producers	Creates important new market for Eastern Shore sweet potato producer and Valley farmers diversifying into chipping potato production.
Timetable for project completion	2015 – 2017
Prevailing average wage in locality	\$32,050/year
Average wage of project	\$36,005/year
Status	Performance Agreement completed, funds released to the County. Performance period ends Q3 FY 2019

Shenandoah Growers (announced April 2015) Expansion of innovative greenhouse potted and fresh herb producer	
Location	Rockingham County
Grant amount committed from AFID Other funds committed by the Commonwealth	<ul style="list-style-type: none"> • \$100,000 AFID Funds – construction • \$9,750 VJIP – job training

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How these funds will be used	
Other funds from the political subdivision and their use	\$100,000 local cash grant - any lawful purposes
New jobs	Fifteen (15)
New investment	\$8.7 million
Minimum purchase Virginia-grown products	\$14,880,000 in new sales of organic herbs
Projected impact on agricultural and forestal producers	In addition to company's own technologically driven expansion, they also buy herbs from area farmers to supplement supply.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$39,168/year
Average wage of project	\$20,800/year
Status	Performance Agreement completed, funds released to the County. Performance period ends Q4 FY 2018

Andros Foods North America, d.b.a. Bowman Andros Foods (announced April 2015) Expansion of major fruit processing and packaging facility	
Location	Shenandoah County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> • \$100,000 AFID Funds - building improvements • \$400,000 COF - secure business location or expansion • \$600,000 Virginia Investment Partnership grant - investment • \$80,000 VJIP - job training • \$480,000 Port of Virginia Economic Development Grant - assist with expansion of operation
Other funds from the political subdivision and their use	\$500,000 local cash grant - any lawful purposes
New jobs	One-hundred and sixty (160)
New investment	\$73 million
Minimum purchase Virginia-grown products	\$12.7 million or 126.9 million pounds of net new purchases of Virginia apples
Projected impact on agricultural and forestal producers	Supports and grows company's major purchases of Virginia apples, supporting industry under pressure.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$32,050/year
Average wage of project	\$27,581/year
Status	Performance Agreement completed; funds released to the County. Performance period ends Q2 FY 2018

Kelly Turkeys (announced April 2015) New high-end turkey production and processing operation	
Location	Albemarle County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$29,000 AFID Funds - building improvements
Other funds from the political subdivision and their use	\$29,000 local cash grant - building improvements
New jobs	Thirty-three (33)

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New investment	\$1.4 million
Minimum purchase Virginia-grown products	\$3.1 million or 17,500 turkeys
Projected impact on agricultural and forestal producers	Project showcases state as a source of high-quality, premium turkeys and supports Virginia's poultry production infrastructure.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$49,480/year
Average wage of project	\$40,479/year
Status	Performance Agreement completed; funds released to the County. Performance period ends Q1 FY 2018

Ewes Guys, LLC d.b.a. Twenty Paces (announced April 2015) New farmstead sheep and goat's milk cheese production operation	
Location	Albemarle County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$11,000 AFID Funds – building improvements
Other funds from the political subdivision and their use	\$11,000 Local cash grant – any lawful purposes
New jobs	Six (6)
New investment	\$321,000
Minimum purchase Virginia-grown products	\$903,430 or 37,760 gallons of sheep and goat milk
Projected impact on agricultural and forestal producers	The high-quality, authentic farmstead cheese company bolsters the Commonwealth's reputation as center for artisanal food production.
Timetable for project completion	2015 – 2018
Prevailing average wage in locality	\$49,482/year
Average wage of project	\$33,773/year
Status	Performance Agreement completed; funds released to the County. Performance period ends Q1 FY 2018

Old House Distillery (announced May 2015) New craft distillery	
Location	Culpeper County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$20,000 AFID Funds –building renovations
Other funds from the political subdivision and their use	\$20,000 local cash grant –equipment purchases
New jobs	Three (3)
New investment	\$229,000
Minimum purchase Virginia-grown products	\$101,500 of Virginia grapes, grain, and honey
Projected impact on agricultural and forestal producers	Project creates new market for a variety of Virginia grown products and will offer new distillation service to Virginia winemakers.

Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$38,073/year
Average wage of project	\$22,107/year
Status	Performance Agreement completed; funds released to the County. Performance period ends Q1 FY 2018

AFID Planning Grant Program

The AFID Planning Grant program was established to encourage localities to think strategically about how they can better support and integrate agriculture and forestry into their community’s overall economic development efforts. AFID Planning Grant applications are accepted on a rolling basis, allowing for applicants to work with the AFID Fund Coordinator to refine their project and submit stronger applications. Since the inception of the AFID Planning Grant, \$681,190 has been awarded to 33 projects, and directly impacting 51 unique localities. Of these funded projects, sixteen (16) have successfully completed activities.

During the first half of the fiscal year 2016, Governor McAuliffe announced four (4) AFID Planning Grant awards totaling \$91,000, covering nine (9) localities. Summaries of these projects are listed below:

-
- Project Title: Building communities in coastal localities: Creating a Virginia Oyster Trail
 - Applicant: Northern Neck Planning District Commission (PDC) – lead applicant; Accomack, Gloucester, Lancaster, Northampton, Northumberland, Richmond, and Westmoreland Counties – co-applicants
 - Amount Awarded: \$35,000
 - Summary: On August 19, 2014, Governor McAuliffe announced the creation of the Virginia Oyster Trail, a major tourism and community development project to connect travelers to Virginia oyster producers, purveyors, and related agricultural and tourism assets throughout the Northern Neck, Middle Peninsula and Virginia’s Eastern Shore. This project implements a Virginia Oyster Trail development plan created over the past year by a wide variety of state and community stakeholders. Major deliverables include bringing on regional staff to assist in trail development, an interactive website connecting the participating communities, seafood producers, and trail participants, development and distribution of promotional materials and signage.

 - Project Title: Rockfish Valley Area Plan
 - Applicant: Nelson County

Amount Awarded: \$16,000

Summary: Nelson County's Rockfish Valley, home to popular agritourism venues and craft beverage producers along Route 151, is experiencing significant increases in commercial development. To ensure these changes do not negatively impact the special qualities that are the foundation of the area's sense of place, quality of life, and economic vitality, the County is undertaking a comprehensive public-planning process to guide future development. This plan will allow the County to proactively attract desired types of growth, direct development to appropriate areas, maximize Nelson County's agritourism "brand," support their thriving agritourism and agribusiness operations, and preserve the prime agricultural soils and landscapes that are the basis of their success.

Project Title: Regional Agricultural Development Strategic Plan

Applicant: LENOWISCO Planning District Commission (PDC) – including Lee, Wise, and Scott Counties, and the City of Norton

Amount Awarded: \$20,000

Summary: The localities of the LENOWISCO PDC will develop a strategic plan to fully analyze and incorporate agricultural development into the region's overall economic development efforts. The plan will enable the region's agriculture and economic development stakeholders to identify priorities, strategies and implementation projects, but also serve to further raise the profile of the local agricultural community, both locally and in the region. The project will be overseen by a work group and steering committee representing a broad and diverse range of agricultural interests.

Project Title: LEAP (Local Environmental Agriculture Project, Inc.) Community Kitchen Grant

Applicant: City of Roanoke Economic Development Association (EDA)

Amount Awarded: \$20,000

Summary: This project strengthens the local food system in the Roanoke Valley by funding additional infrastructure for local food, directly supporting local producers and food entrepreneurs, and increasing access to local food. It consists of three components: a shared commercial kitchen space that will serve as a small business incubator; a small-scale local food hub; and the LEAP Mobile Market that will operate from the food hub. Its goals are (1) support an increase in production of local foods; (2) incubate food-based businesses; (3) expand access to healthy local foods in low-income, low-access neighborhoods; (4) provide space for food, cooking, and health education and programming.

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Should you have any questions, please do not hesitate to contact me or my Secretary of Agriculture and Forestry, Todd Haymore.

Sincerely,

A handwritten signature in blue ink, appearing to read "Terence R. McAuliffe". The signature is stylized and cursive.

Terence R. McAuliffe

TRM
Enclosures

cc: The Honorable Todd P. Haymore, Secretary of Agriculture and Forestry
The Honorable R. Steven Landes, 25th House District
Jason Powell, Senate Finance Committee Staff
Anne Oman, House Appropriations Staff
Sandra J. Adams, Commissioner, Virginia Department of Agriculture and Consumer Services
